

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

Tax-Exempt Bond Project

December 8, 2021

Kifer Senior Housing, located at 3335-3337 Kifer Road in Santa Clara, requested and is being recommended for a reservation of \$2,415,301 in annual federal tax credits to finance the new construction of 79 income units of housing serving special needs tenants with rents affordable to households earning 20-50% of area median income (AMI). The project will be developed by Allied Housing, Inc. and will be located in Senate District 10 and Assembly District 25.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers, HUD VASH Project-based Vouchers, and a Capitalized Operating Subsidy Reserves (COSR) from the HHC program of HCD.

Project Number	CA-21-718	
Project Name	Kifer Senior Housing	
Site Address:	3335-3337 Kifer Road Santa Clara, CA 95051	County: Santa Clara
Census Tract:	5087.04	

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$2,415,301	\$0
Recommended:	\$2,415,301	\$0

Applicant Information

Applicant:	Allied 3335 Kifer, L.P.
Contact:	Jonathan White
Address:	40849 Fremont Blvd Fremont, CA 94538
Phone:	(408) 941-1851
Email:	jwhite@abodeservices.org

General Partner(s) or Principal Owner(s):	Allied 3335 Kifer LLC
General Partner Type:	Nonprofit
Parent Company(ies):	Allied Housing, Inc.
Developer:	Allied Housing, Inc.
Bond Issuer:	California Municipal Finance Authority
Investor/Consultant:	Community Economics, Inc.
Management Agent:	John Stewart Company

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 1
 Total # of Units: 80
 No. / % of Low Income Units: 79 100.00%
 Federal Set-Aside Elected: 40%/60%
 Federal Subsidy: Tax-Exempt / HUD Section 8 Project-based Vouchers
 (33 Units - 41%) / HUD VASH Project-based Vouchers
 (8 Units - 10%)

Information

Housing Type: Special Needs
 Geographic Area: South and West Bay Region
 TCAC Project Analyst: Janice Corbin

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 54	68%
40% AMI: 17	22%
50% AMI: 8	10%

Unit Mix

30 SRO/Studio Units
45 1-Bedroom Units
5 2-Bedroom Units
<u>80 Total Units</u>

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 SRO/Studio	20%	\$435
3 SRO/Studio	30%	\$580
7 SRO/Studio	30%	\$435
5 SRO/Studio	30%	\$812
12 SRO/Studio	40%	\$1,090
10 1 Bedroom	20%	\$559
12 1 Bedroom	20%	\$466
9 1 Bedroom	30%	\$621
8 1 Bedroom	50%	\$1,553
2 1 Bedroom	30%	\$932
4 1 Bedroom	40%	\$1,243
1 2 Bedrooms	20%	\$560
1 2 Bedrooms	30%	\$746
1 2 Bedrooms	30%	\$1,119
1 2 Bedrooms	40%	\$1,492
1 2 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$5,995,770
Construction Costs	\$29,645,725
Construction Hard Cost Contingency	\$3,040,550
Soft Cost Contingency	\$320,000
Architectural/Engineering	\$1,929,612
Const. Interest, Perm. Financing	\$3,268,348
Reserves	\$818,362
Other Costs	\$6,011,557
Developer Fee	\$3,500,000
Total	\$54,529,924

Residential

Construction Cost Per Square Foot:	\$562
Per Unit Cost:	\$681,624
True Cash Per Unit Cost*:	\$668,188

Construction Financing

Source	Amount
JP Morgan Chase - Tax Exempt	\$27,963,684
JP Morgan Chase Bank - Taxable	\$3,275,395
Santa Clara County - Measure A	\$14,000,000
City of Santa Clara	\$3,195,503
General Partner Equity	\$1,000
Tax Credit Equity	\$2,173,771

Permanent Financing

Source	Amount
JP Morgan Chase	\$4,093,735
HCD - HHC ¹	\$9,820,572
Santa Clara County - Measure A	\$14,000,000
City of Santa Clara	\$4,000,000
General Partner Equity	\$1,000
Deferred Developer Fee	\$1,074,906
Tax Credit Equity	21,539,712
TOTAL	\$54,529,924

¹Housing for a Healthy California Program

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis :	\$46,448,103
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$60,382,533
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,415,301
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,500,000
Investor/Consultant:	Community Economics, Inc.
Federal Tax Credit Factor:	\$0.89180

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions:

The proposed rents do not include any utility allowance. The owner will pay for all utilities.

This project's cost per unit is currently estimated at \$668,188. The applicant noted the costs are attributed to this project built on an urban infill site, Green Building features, and demolition costs.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee's next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.